



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 27 (ending 01/07/2016)

**“Whoever said the pen is mightier than the sword obviously never encountered automatic weapons.” – Douglas MacArthur**

**Irish retail sales jump 8.1% year-on-year in May** – According to the Central Statistics Office, the volume of retail sales rose by 8.1% in May when compared to the same month of 2015 and increased by 0.7% from April to May. Sales values also rose in May - up 0.6% compared to April and 5.3% compared to May 2015.

**Irish 10-year bond yields fall to record low in wake of Brexit result** – Ireland’s 10-year government bond yield dropped below 0.5% for the first time, falling to as low as 0.46%. Bonds in peripheral European markets have been benefiting from speculation that the ECB could further ease monetary policy following Brexit vote.

**Global stock market bounces back** – The World stock market (MSCI AC World) was up 3.4% to 1<sup>st</sup> July from 24<sup>th</sup> June as markets reacted to expectations of easier monetary policy and also hopes that Britain will remain closely integrated with EU whatever deal is ultimately done. Markets are now just 1% down pre-vote.

**Draghi reduces eurozone growth forecast after Brexit vote** – European Central Bank President Mario Draghi said that reduced European trade with Britain after its vote to exit the EU could decrease economic growth in the eurozone by a cumulative 0.3 to 0.5% compared to previous estimates over the next three years.

**U.K. and EU credit ratings cut** – The U.K. was cut by the major credit rating agencies after the Brexit result. Standard and Poor’s reduced its rating two notches to AA from AAA, while Fitch also cut the U.K. sovereign to AA from AA+ with a negative outlook. S&P cut the long-term credit rating on European Union to AA from AA+.

**VW agrees to \$15 billion settlement in U.S. emissions case** – Volkswagen has agreed to pay in excess of \$15 billion to settle allegations that it deployed software to defeat government emissions tests. The company will buy back vehicles from consumers and spend billions to fund programs to reduce emissions in the deal.

**The Story of the week:** ‘Browser’ the rescue cat has been the mascot for White Settlement Library in Texas for the last six years, but he faced eviction following a vote from the city’s council ruling him a threat to health and safety. Now library users have taken matters into their own hands and Mayor Ron White said he was overwhelmed with more than 1,000 messages on social media in support of keeping Browser on the job. The council have voted unanimously to let Browser stay. “He helps children read,” White told ABC News. “Little children will come into the library and they’ll read to Browser and the cat is also the star of an annual calendar that helps raise money for the library.”

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# Index Performances and Market Data\*

<b>Equity Markets % (in Local Currency)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD (to 01/07)</b>
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-14.5
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	7.8
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-9.6
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	4.1
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	-2.9
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-17.6
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	2.6
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	-1.1
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
U.S.	1.9	1.7	3.0	2.2	2.2	1.4
German	1.8	1.4	1.9	0.5	0.6	-0.1
UK	2.0	1.9	3.0	1.9	1.9	0.8
Japan	1.0	0.7	0.7	0.3	0.2	-0.3
Ireland	8.4	4.5	3.4	1.3	1.1	0.6
Italy	7.1	4.6	4.1	2.1	1.6	1.2
Greece	31.7	12.7	8.2	9.6	7.9	7.7
Portugal	13.4	6.9	6.1	2.7	2.5	3.0
Spain	5.1	5.4	4.1	1.6	1.7	1.2
<b>Central Bank Rates (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
<b>Foreign Exchange Rates</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
Euro/Dollar (€/€)	1.30	1.31	1.37	1.21	1.09	1.11
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.84
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.33
<b>IPD All Property Return (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Ireland	-2.4	3.1	12.7	40.1	25.0	2.9 (to end of Q1)
U.K.	8.1	2.7	10.7	17.8	13.1	1.1 (to end of Q1)
U.S.	14.5	5.3	11.4	11.2	12.1	2.1 (to end of Q1)

\*Past performance is not a reliable guide to future performance